

New economic horizons

INDIANA DEPARTMENT OF COMMERCE

ANNUAL REPORT

03



The Indiana Department of Commerce is the State's lead economic development agency. Commerce's mission is to build economic development capacity by creating secure jobs, higher incomes and competitive communities for Indiana residents. Completely reorganized with the creation of 12 new field offices, Commerce is better prepared than ever before to deliver its services and, with its partners, empower companies, communities and citizens to act locally in order to compete globally.

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NEW ECONOMIC HORIZONS

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Opening new economic horizons for communities throughout Indiana is the mission that drives the Department of Commerce on a daily basis. Wherever possible, Commerce seeks to provide and encourage the strong leadership necessary to guide the growth of Indiana businesses and communities.

In 2002, Commerce embarked on a new course for delivering economic development services to our customers by opening 12 regional offices throughout the state. Central Commerce was restructured, combining former divisions into more focused work groups to support our regional delivery system and our customers. Throughout 2003, the regional offices contributed to the success of Commerce's customers through partnerships with local economic development organizations, universities, chambers of commerce and convention and visitors' bureaus.

Through this new structure, the Indiana Department of Commerce combines a broad approach to economic development with a sharper local focus. Commerce will continue helping Hoosiers open new economic horizons to ensure that Indiana remains a state of progress.



ENERGIZING INDIANA

Historic tax-restructuring legislation, passed into law by the General Assembly in 2002, provided an exceptional starting point for transforming Indiana's economy in 2003 and beyond. This legislation gave Indiana one of the most growth-oriented business-tax codes in the country. It was designed to help diversify the Hoosier economy and create jobs by strengthening our leadership in important business sectors and making us more competitive in regional, national and international markets.

One of the most important avenues to realizing these objectives is the Energize Indiana initiative. A commitment to build on our tax restructuring efforts and move aggressively forward into the future, Energize Indiana is the most sweeping economic development initiative in Indiana's history. It builds on Indiana's strengths, which include a strong work ethic, dedicated workforce, world-class research universities and central geographic location. Supported by the Tobacco Settlement Trust Fund and the sale of bonds and federal money, major goals for Energize Indiana include:

- Creating new high-wage, high-skill jobs in four targeted sectors—advanced manufacturing, life sciences, information technology and 21st century logistics.
- Enrolling additional students in higher education and credential programs.
- Growing per capita income faster than the national average.

With the planned formation of the Indiana Cooperative Development Center, the past year also saw a strong push to improve rural development. The Cooperative Development Center will provide "one-stop shopping" to assist startup or existing agribusinesses with services ranging from technical assistance, market analysis and legal resources, to business and financial planning and general organizational development.

The Indiana Rural Development Council was instrumental in obtaining federal funding for the Cooperative Development Center. The Council was formerly under the auspices of the Office of the Commissioner of Agriculture, but, because of Commerce's focus on economic development, is now housed in the Department of Commerce.

SPREADING THE WORD

The revised tax structure makes Indiana one of the most attractive states in the country for forward-thinking companies that invest aggressively in new products, processes and ideas. During 2003, the Department of Commerce launched a major campaign—dubbed the "GO campaign"—to market Indiana's business-friendly tax climate to regional and national audiences.

Funded by a \$1 million appropriation from the 2003 General Assembly, the marketing campaign will run through 2004. Its icon, a red stop sign with the word "GO" emblazoned on it, illustrates the state's ability to continue moving forward in the face of a national recession. The multimedia campaign includes a 30-second television commercial that was shown on select television programming throughout the state. The TV spot is supported by advertisements in daily newspapers, business journals and radio stations statewide. Additionally, the state is advertising in regional editions of national business publications throughout the Midwest.

INVESTING IN SUCCESS

Both business and community leaders reaped the benefits of Commerce programs, creating new jobs and investing in the future of Indiana.

- Our business customers invested nearly \$3 billion in infrastructure and equipment, affecting 52,000 Hoosier workers.
- Indiana communities used \$28 million of Community Development Block Grant funds to invest in infrastructure, public safety, education, health care and quality of place improvements.
- Communities hosted 58 million visitors who spent \$6.5 billion in Indiana and supported 107,000 tourism-related Hoosier jobs.
- Nonprofit organizations used state tax credits to leverage additional private investment in health care, education and programs for seniors, people with disabilities and the disadvantaged.

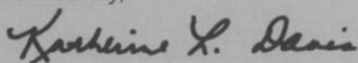
LOOKING AHEAD

Clear evidence that these efforts to energize Indiana's economy are paying off lies in the state's export figures for 2003. Indiana is an increasingly attractive location for national and international companies, and Hoosier businesses are becoming a powerful presence in foreign markets. During the second quarter of 2003, Indiana's exports recorded an unprecedented increase to an all-time single-quarter high of \$4.4 billion. Tremendous growth in the fourth quarter pushed Indiana export sales over the top, setting a new state record of \$16.4 billion in annual sales and making Indiana the 12th largest exporting state in the nation.

Closer to home, the shape of things to come may be discerned in success stories from each of Commerce's 12 new regions. There has been exciting progress on many fronts, including our four key focal areas of development: advanced manufacturing, life sciences, information technology and 21st century logistics.

I feel certain that the powerful combination of tax restructuring, the Energize Indiana program, forceful marketing of Indiana's advantages and a streamlined Department of Commerce will continue to open new economic horizons for Indiana—and improved economic opportunities for all Hoosiers—at an impressive rate.

Sincerely,



Katherine L. Davis

Lieutenant Governor

Director, Indiana Department of Commerce

BY THE NUMBERS

Economic Development

	2003	1997-2003
EDGE Tax Credits	16	88
Projects Awarded Credits	\$64.7 million	\$411.3 million
Total Credits Awarded	6,823	36,328

	2003	1997-2003
EDGE for Retention Tax Credits	2	2
Projects Awarded Credits	\$2 million	\$2 million
Total Credits Awarded	1,850	1,850

	2003	1997-2003
Skills 2016	242	1,492
Grants Awarded	\$17.6 million	\$96.2 million
Total Funds Awarded	\$2.9 billion	\$14.4 billion
Investment Leveraged	10,947	66,454
New Workers Trained	41,358	326,219
Workers Retrained		

Includes Skills Enhancement Fund, TECH Fund

	2003	1997-2003
Industrial Development Grant Fund	17	158
Grants Awarded	\$3.5 million	\$26.2 million
Total Funds Awarded	\$578.8 million	\$3.7 billion
Investment Leveraged	2,023	19,192
Jobs Benefited		

	2003	1997-2003
Tourism Development	\$6.7 billion	\$41.8 billion
Total Tourist Expenditures	58 million	379.3 million
Total Visitors (leisure + business)	\$4.2 billion	\$23.6 billion
Overnight Leisure Traveler Expenditures	18.3 million	118.9 million
Total Overnight Leisure Visitors	2 million	6.8 million
EnjoyIndiana.com Individual Users	6.2 million	19.5 million
EnjoyIndiana.com Pages Viewed		

	2003	1997-2003
Film Development	104	—
Total Number of Production Days	\$1.7 million	\$4.8 million
Total Investment by Film and Video Companies	61	165
Jobs Created (film + video)		

	2003	1997-2003
Trade Show Assistance Program	14	309
Grants Awarded	\$62,670	\$1.3 million
Total Funds Awarded	\$87,523	\$2.8 million
Investment Leveraged	2,079	35,517
Jobs Benefited		

	2003	1997-2003
Exports	\$16.4 billion	\$98.3 billion

Community Development

	2003	1997-2003
Community Focus Fund	71	493
Grants Awarded	\$28.3 million	\$196 million
Total Funds Awarded	\$44.2 million	\$211.7 million
Total Funds Leveraged		

	2003	1997-2003
Community Focus Fund Planning Grant	45	303
Grants Awarded	\$1.6 million	\$10.9 million
Total Funds Awarded	\$215,500	\$1.4 million
Investment Leveraged		

Individual Development Account Program	2003	1997-2003
Accounts Awarded	218	3,418
Total Funds Awarded	\$1 million	\$7.8 million
Designated Sites	46	46
Neighborhood Assistance Program	2003	1997-2003
Credits Awarded	72	519
Total Funds Awarded	\$2.5 million	\$17.6 million
Urban Enterprise Zone Program	2002	1997-2002*
New Businesses Created	45	307
Business Expansions	74	479
New Jobs	2425	8191
Indiana Main Street	2003	1997-2003
Number of Main Street Communities	10	179**
Investment in Downtown Buildings	\$263 million	\$1.2 billion
Investment in Downtown Infrastructure	\$12 million	\$149.8 million
Number of New Housing Units Created	244	633
Number of New Businesses Created	234	740
Number of Business Expansions	31	169
Number of New Jobs Created	1,457	4,670
Public Facilities Energy Efficiency Program	2003	1997-2003
Loans Awarded	7	22
Total Funds Awarded	\$676,618	\$2 million
Total Funds Leveraged	\$341,397	\$571,369
Alternative Power and Energy Grant	2003	1997-2003
Grants Awarded	2	12
Total Funds Awarded	\$60,000	\$234,082
Total Funds Leveraged	\$1.5 million	\$5.4 million
Industrial Energy Efficiency Loan	2003	1997-2003
Loans Awarded	3	14
Total Funds Awarded	\$387,154	\$2.4 million
Total Funds Leveraged	\$594,242	\$7 million
Distribution Generation Grant Program	2003	1997-2003
Grants Awarded	3	5
Total Funds Awarded	\$90,000	\$150,000
Total Funds Leveraged	\$9.1 million	\$14.8 million
Recycling Grants	2003	1997-2003
Grants Awarded	28	86
Total Funds Awarded	\$209,028	\$1.1 million
Investment Leveraged	\$1 million	\$3 million
<i>Includes Recycling Product Purchasing Grant, Recycling Promotion Marketing Grant</i>		
Recycling Promotion and Assistance Fund	2003	1997-2003
Loans Awarded	3	26
Total Funds Awarded	\$730,000	\$8.4 million
Investment Leveraged	\$2.8 million	\$87 million

*Indiana's Enterprise Zone Program had 29 participating communities in 2003. The numbers generated for this report are from annual reports from 1997-2002. Numbers for 2003 will be available in late 2004.

**Indiana Main Street restructured their membership system in 2003, resulting in 22 certified Main Street communities, 33 Main Street communities and 110 member communities. Member communities do not submit annual reports and are not included in the investment figures.

REGION 1

With close proximity to Chicago airports, port access on Lake Michigan and convenient interstate access, Region 1 is a natural production and distribution center and is poised for continued business growth.

MICHIGAN CITY HARBOR
IN LA PORTE COUNTY

International Steel Group Inc. was created in 2002 by WL Ross and Co. to acquire world-class steel-making facilities and rebuild them to a level of international competitiveness. Thanks to \$37 million in assistance from the Indiana Department of Commerce, this vision is becoming a reality in northern Indiana.

The assistance from Commerce will support International Steel Group's investment of approximately \$272 million over the next four years to upgrade machinery and equipment in its newly acquired Burns Harbor facility. The revitalized facility will preserve 3,430 high-wage jobs for Hoosiers and has the capacity to generate annual sales totaling more than \$1 billion.

Assistance from Commerce encompassed areas ranging from Economic Development for a Growing Economy tax credits to funding for employee training in job-specific and transferable skills. Commerce also partnered with the Department of Workforce Development to provide further incentives.

Additionally, Burns Harbor will adopt a resolution to establish an Economic Revitalization Area and provide for tax abatement, which will allow International Steel Group to make an even greater investment over the next 10 years. All of which adds up to a world-class boost to the Hoosier economy for years to come.

FORGING HIGH-WAGE JOBS

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Light. Energy. Education.

Zero-interest loans from the Indiana Department of Commerce's Public Facility Energy Efficiency Program will help Indiana schools carry out lighting and energy management system upgrades. Commerce's award of \$99,943 to the Northwest Indiana Special Education Cooperative in Crown Point and \$100,000 to the School City of Whiting will improve overall energy consumption by up to 17 percent in Crown Point and 8 percent in Whiting. Not to mention provide a comfortable, well-lighted environment for Hoosier students.

Sweet Opportunities

Commerce builds export opportunities by helping Hoosier businesses maximize their exposure to prospective buyers. Merrillville-based Albanese Confectionery Group, Inc.—a manufacturer, processor and retailer of gummi candy, chocolates and nutmeats—received a boost in both the real and virtual marketplaces. With the assistance of Commerce, Albanese Confectionery participated in the 2003 U.S. Food Export Showcase at the Food Marketing Institute Show in Chicago. Their attendance at the Showcase helped Albanese gain new clients and generate inquiries via the Internet. Moreover, with Commerce's assistance, Albanese and other Indiana companies showcase their products at FoodSummit.com, a virtual trade show that brings exposure to more than 20,000 food buyers from 130 countries. Sweet numbers by any standard.



Region 1:
Jasper County
Lake County
Porter County
Newton County

Regional office:
Portage



REGION 2

Strategically located in the heart of Northern Indiana, leading manufacturers in the recreational vehicle, marine, manufactured housing and many other important industries are located in Region 2. The region also has the highest concentration of manufacturing employment in the nation.

THE UNIVERSITY OF NOTRE DAME
IN SOUTH BEND

Middlebury's Coachmen Recreational Vehicle Co., which designs and markets travel trailers, fifth wheel trailers and motor homes, is one of the most recognized brand names in the industry and a showcase of Hoosier manufacturing success. When Coachmen announced plans for a new 127,000 square-foot motor home plant, Commerce worked closely with the company and the town to ensure that Middlebury was chosen as the building site.

The state-of-the-art plant is the company's largest facility and will be home to 150 new, full-time jobs. It is Coachmen's first facility to feature two assembly lines, which increases production efficiencies and provides improved material flow. The new plant also features more than 24,000-square-feet of mezzanines for offline manufacturing processes, such as cranes lowering finished sections for installation into the motor homes.

Competing with Illinois for the project, the Indiana Department of Commerce created an aggressive incentive package, including funds from its Skills Enhancement Fund to assist training new and existing employees and up to \$1.6 million in income tax credits from the Economic Development for a Growing Economy program. The result: a new chapter in the storied history of a company that has helped keep Indiana on the road to success since 1964.

ON THE ROAD TO GROWTH

Rewards of Recycling

Still not convinced of the benefits of recycling? Consider the efforts of Anco Products Inc. In 2003, the Elkhart company, a producer of flexible heating and cooling ducts and Textrafine™ insulation, received its second loan from Commerce to continue expansion of its fibrous glass insulation facility. The loan is part of a \$330,000 improvement project that will allow Anco to increase production of recycled fibers, known as E-glass, used in its products. This project will reduce waste headed to landfills, save 6 billion BTUs annually and create three new jobs. A handsome return for the environment and the economy.

Advanced Training

Any company would envy the product recognition of Mishawaka-based AM General Corp. It produces the High Mobility Multipurpose Wheeled Vehicle (HMMV), or "Humvee," for the military and is also a direct supplier to General Motors for Hummer H2, the commercial version of the Humvee. A \$200,000 grant from Indiana Department of Commerce's Skills Enhancement Fund is helping the company maintain its high profile by updating the skills of 1,039 employees in areas ranging from computer skills, material flow and body robotics to thermography and quality control processes. No wonder the finished products look so good on—and off—the road.



Region 2:
Elkhart County
Fulton County
Kosciusko County
La Grange County
La Porte County
Marshall County
Pulaski County
St. Joseph County
Starke County

Regional office:
South Bend



REGION 3

Region 3 is home to the second largest metropolitan area in the state. Business development is well served by north-south interstate access on Interstate 69 and commercial air service via Fort Wayne International Airport.

DOWNTOWN FT. WAYNE

Indiana's world-renowned expertise in 21st century logistics continues to grow the state's economy by attracting private investment and creating new jobs. SIRVA Inc., which provides high-tech logistics for major electronic equipment manufacturers, currently employs 1,127 people in Allen County. A \$24 million expansion plan will add 260 more jobs, employing 1,387 Hoosiers over the next five years.

To ensure that these jobs weren't lost to competing states Ohio and Illinois, the city of Fort Wayne, Allen County and the Indiana Department of Commerce worked closely with SIRVA to offer a \$5 million incentive package. Highlights of the final package included Economic Development for a Growing Economy tax credits from Commerce and Local Economic Development for a Growing Economy assistance from the city of Fort Wayne and Allen County.

The success of this public-private partnership is a boon to Allen County and northeast Indiana. The existing jobs account for nearly \$50 million in annual compensation, with the new jobs adding at least \$9 million in compensation when the project is complete. Altogether an impressive demonstration of the local cooperation necessary to extend the Hoosier economy's global reach.

GLOBAL REACH, LOCAL GROWTH

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Specialty Manufacturing

Fort Wayne, Allen County and the Indiana Department of Commerce teamed up again (see above) to attract a \$6 million investment by Vita Nonwovens, USA. The British-owned company's new state-of-the-art facility will manufacture technical and specialty nonwovens for air filtration, automotive, industrial, furniture and bedding markets. The Fort Wayne plant will bring new investment to the area and good jobs for local residents. In return, Vita Nonwovens gets what it considers to be the right business climate, an outstanding workforce and the geographic positioning necessary to be successful. A good fit for all concerned.

Distribution Power

Proximity to key and prospective customers and competitive incentives offered by a state and local partnership induced CME Automotive, a Japanese-owned auto parts maker, to construct a national distribution headquarters adjacent to its current facility in Monroeville. The company is also investing in manufacturing equipment for the plant that will support the addition of five new product lines. The project will add 105 jobs to the 179 existing positions by 2007. This initiative is an excellent example of Indiana's strong relationship with Japan and of its emerging status as a global competitor. Together with the location of SIRVA and Vita Nonwovens, CME is great news for Allen County.



Region 3:
Adams County
Allen County
De Kalb County
Huntington County
Noble County
Steuben County
Wells County
Whitley County

Regional office:
Fort Wayne



REGION 4

With private aircraft, freight and passenger charter service at the Kokomo Municipal Airport; international and domestic charters available at Grissom Aeroplex; and highway access via U.S. 31, 35 and I-69, Region 4 is easily accessible from anywhere in the Midwest. The region also boasts major employers such as General Motors and Daimler Chrysler.

GRISSOM AIR FORCE BASE
IN MIAMI COUNTY

Business development and economic growth certainly foster strong and caring communities, but the Indiana Department of Commerce is also able to provide more immediate assistance through the Community Focus Fund. A federally funded grant program administered by Commerce, the Fund helps cities, towns and counties finance construction projects designed to benefit low- to moderate-income individuals and to eliminate blight in communities.

Case in point is a 2003 grant to Cass County for a building renovation project. The project covers the rehabilitation and repair of Woodlawn Center, a facility for the delivery of services to adults with developmental disabilities. In addition to increasing the safety, accessibility and usefulness of the building, these improvements will increase the life of the structure and ensure continuity of services to individuals and families who need them.

Community Focus Fund grants are awarded through competitive funding rounds to assist small communities with long-term development projects including infrastructure improvements, childcare facilities, senior and community centers, downtown revitalization and fire stations and fire trucks. In the first round of funding alone for 2003, 32 Hoosier communities shared in more than \$12.88 million in grants—an outstanding example of grassroots development strengthening Hoosier communities throughout the state.

STRONG AND CARING COMMUNITIES

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Training Supports Growth

Commerce training grants benefited thousands of north central Indiana workers in 2003. Delphi Delco Electronics Systems in Kokomo is one of the many companies whose growth initiative is aiding the Hoosier economy by taking advantage of those funds. A \$200,000 Skills Enhancement Fund grant, designed to aid companies that undertake capital investment projects, allowed the company to train 1,065 employees following a \$90 million capital investment in building and equipment upgrades. The city of Kokomo will profit from local investment; employees at this facility will personally gain experience in computer and electrician skills, solder labs and problem solving; and Delphi Delco Electronics will continue to thrive thanks to a well-trained workforce.

Marketing Main Street

Commerce's Indiana Main Street initiative—which helps communities revitalize and preserve their downtown business districts—funds an assistantship for Ball State University graduate students in the Historic Preservation Program. During the 2002-2003 academic year, student Diane Tuinstra completed a walking-tour brochure for North Manchester's downtown commercial district and surrounding residential area. She researched the history of 25 buildings, wrote descriptions, took photos and created a style guide and map. Result: valuable professional experience for a student on the verge of the job market and a significant marketing tool for North Manchester.



Region 4:
Cass County
Grant County
Howard County
Miami County
Tipton County
Wabash County

Regional office:
Kokomo



REGION 5

Ideally located in Central Indiana with access to I-65, Region 5 is set to serve the supplier and market needs of manufacturers in diverse industries. The region is home to Purdue University and high-tech companies specializing in life sciences, information technology and advanced manufacturing, thus offering cutting-edge resources throughout the region.

PURDUE UNIVERSITY IN
WEST LAFAYETTE

The Purdue Research Park, already the largest technology incubator in the country, is poised to play a stronger role than ever before in the Hoosier economy. West Lafayette and Purdue University worked together to develop 40 acres in the Park that were designated in 2003 as Indiana's first Certified Technology Park. The designation will bring increased resources to improve services and attract even more high-tech industry.

A result of 2002's tax restructuring legislation, the new Certified Technology Park program encourages the location of high-technology businesses within areas identified by local redevelopment commissions. Portions of tax revenues generated by tenants are reinvested into the Park and used for improvements, operation of facilities and other business-generating activities.

The Purdue Research Park is currently home to 38 buildings and 104 businesses—58 of them high-tech businesses—which employ more than 2,200 people. Among the leading high-technology companies at the Park are Endocyte Inc., Bioanalytical Systems, SSCI Inc., gh LLC and Cook Biotech Inc. In 2003, Cook Biotech broke ground on a 55,000-square-foot expansion in the park. With this kind of foundation to build on, can increased economic growth and job creation be far behind?

BOOSTING HOOSIER TECHNOLOGY

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Jobs from China

In a welcome reversal of the United States losing manufacturing jobs to China scenario, a new CIMC Transportation Equipment facility in Monon will create 432 new full-time jobs by 2005. The Indiana Department of Commerce supported the project with a Skills Enhancement Fund grant to train more than 400 new workers in required skills. Headquartered in Shenzhen, China, CIMC is a global transportation equipment manufacturer that will use the Monon plant to help it compete in the U.S. trailer-manufacturing industry. In addition to new jobs, the facility will bring investment and growth potential. In short, this project means significant gains for the White County economy.

Community Renewal

The Department of Commerce works to improve the quality of life for Hoosiers by supporting local communities and offering strategic economic incentives. Frankfort will reap the benefits of those efforts thanks to their designation as an Urban Enterprise Zone. As an Urban Enterprise Zone, Frankfort will be able to concentrate its resources on improvement through various tax incentives. Specifically, the designation gives Frankfort the opportunity to revitalize its community using tax savings that can be reinvested into the zone. Plans also call for commissioning a railroad redevelopment plan, establishing historic district tours and attractions as well as improving living conditions for zone residents.



Region 5:

Benton County
Carroll County
Clinton County
Tippecanoe County
Warren County
White County

Regional office:
West Lafayette



REGION 6

Region 6's location near both the population and geographic centers of the United States is one of the region's most powerful elements for success. It is within a 500-mile radius of 198 cities with populations of 50,000 or more and offers access to the country through its excellent transportation benefits, such as access to I-70 and the Terre Haute International Airport.

ROCKVILLE COURTHOUSE
IN PARKE COUNTY

The world's largest manufacturer of lighting fixtures, Acuity Lighting Group, is helping build a brighter future for the Hoosier economy. The company's merger of its Northbrook, Illinois, plant with its Crawfordsville manufacturing facility will create 185 new jobs and retain 399 existing positions. The decision to expand in Indiana will also help Indiana maintain its status as a leader in advanced manufacturing.

Support from state and local government agencies—including Montgomery County and the city of Crawfordsville—was integral in making the expansion a reality. In addition to Economic Development for a Growing Economy tax credits, the Indiana Department of Commerce provided Skills Enhancement Fund financing to help Acuity train new and current employees and Technology Enhancement Certification for Hoosiers funding to train information technology professionals.

These incentives come in conjunction with a multi-million dollar capital investment by Acuity, which will add 50,000 square feet of warehouse and production space to the existing Crawfordsville facility. Consider that Acuity Brands, Acuity Lighting's parent company, has operations throughout North America and Europe and reported 2002 sales of more than \$2 billion, and it's evident that this expansion has the power to illuminate the Hoosier economy.

A BRIGHT OUTLOOK

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Main Street Moves Ahead

The 2003 Indiana Main Street Conference held in Terre Haute attracted over 140 participants from Main Street communities across the state. At the conference, a new three-tier membership system was announced. The system begins with a basic level of assistance, including publications, workshops and the annual conference. A second level involves additional help from the Indiana Main Street staff. After successfully implementing the Main Street program, communities enter the "Certified Community" category, which also makes them eligible to be nominated as a National Main Street Community. In 2003, 14 Indiana communities were designated National Main Street Communities. Clearly, things are looking up for downtowns all over Indiana.

Steering Toward Growth

Indiana, a recognized leader in the automotive industry, is rapidly becoming a hotbed for advanced manufacturing technologies. A major move in that direction is the 2003 announcement by Liechtenstein-based ThyssenKrupp Presta of a new manufacturing operation in Terre Haute. The steering column manufacturer will invest \$9.1 million to refurbish and equip the former Wheel Tough building in the Vigo County Industrial Park, potentially creating between 70 and 75 new jobs. The facility will house highly automated, state-of-the-art assembly lines that will produce steering columns for Ford Motor Company's 2005 models—and continue to steer the state's economy in the right direction.

Region 6:

Clay County
Fountain County
Montgomery County
Parke County
Putnam County
Sullivan County
Vermillion County
Vigo County

Regional office:
Terre Haute



A high-angle, black and white aerial photograph of downtown Indianapolis. The image captures a dense cluster of skyscrapers and commercial buildings. The most prominent features include the tall, dark, rectangular Bank of America Tower in the upper center, the distinctive, stepped pyramid-shaped roof of the Indiana State Capitol building on the right, and the tall, thin, white tower of the Soldiers and Sailors Monument in the lower left. The surrounding urban landscape is filled with various other buildings, streets, and parking lots, showcasing the city's architectural diversity and urban density.

REGION 7

Home to the nation's 29th largest metropolitan area, Region 7 is within one day's drive of over 65 percent of the U.S. population. It has the largest concentration of major employers as well as the highest regional concentration of professional and technical services.

DOWNTOWN INDIANAPOLIS

Indiana is home to some of the most innovative life sciences operations in the world, and their number is growing. BioStorage Technologies—a 2003 Indianapolis-based startup company and the nation's first facility dedicated solely to storage and data management for biological specimens—is an impressive example of a company that can potentially change the way life sciences research is conducted.

BioStorage is investing \$3.5 million into highly specialized equipment, which will result in a secure, state-of-the-art biospecimen storage management repository. The facility could eventually house 615 freezers able to maintain temperatures as low as -196 degrees Celsius (-320 degrees Fahrenheit)—a capability that will improve the economics of this notoriously expensive work and make more life-saving medical breakthroughs possible.

The Indiana Department of Commerce and the city of Indianapolis offered a range of economic development incentives to secure the project. The potential for growth is vast, as it is estimated that 362 million biological specimens were stored in the United States in 2003. BioStorage could potentially hire close to 100 people over the next few years, and the company's presence makes Indiana an even more desirable location for future life sciences research and jobs.

21st Century Logistics

What makes Indiana a hub for advanced distribution and logistics? Companies like Mahomed Sales and Warehousing provide the answer. The rapidly growing company offers a wide range of operations and services. In 2003, Mahomed Sales and Warehousing invested \$2 million in a new facility to support its worldwide distribution of machining and assembly operations products. The Department of Commerce and the city of Indianapolis worked closely with the company to ensure the new facility was located in Indianapolis. By 2004, the expansion will create 56 jobs and retain 18 existing positions—yet another example of local growth fueled by global reach.


A Promising Environment

The 2003 decision by Roche Diagnostics Corp. to expand its Indianapolis operations sends a clear message that Indiana provides a promising environment for life sciences and advanced manufacturing. Roche's plan to invest \$135 million in its North American headquarters will preserve 2,150 jobs and create 600 more by 2012. Indianapolis competed with cities in South Carolina and Pennsylvania for the project. The State and the City together offered more than \$22.2 million in incentives to secure the expansion—a particularly sound investment, considering the key role Roche plays in promoting Indiana as a premier location for life sciences companies.



Region 7:
Boone County
Hamilton County
Hancock County
Hendricks County
Johnson County
Madison County
Marion County
Morgan County
Shelby County

Regional office:
Indianapolis



REGION 8

In addition to putting more than 200,000 manufacturing facilities and 140 million consumers within reach, Region 8's central location allows truck or rail delivery to 80 of the top 100 U.S. markets in less than a day. Via I-40, I-70 and SR 3, the region offers easy north-south and east-west interstate access as well as commercial air service via Dayton International Airport.

BALL STATE UNIVERSITY
IN MUNCIE

Broadband (high-speed) Internet service is a fundamental building block of successful 21st-century communities. Yet, in Indiana, as well as other states, this basic capability is unavailable in many areas. That's why the Indiana Department of Commerce participated in Indiana Interconnect, a July 2003 conference at Ball State University to examine ways to boost broadband availability—not just in our major cities but throughout the entire state.

Economic success in today's world is becoming increasingly synonymous with access to information and online business capability. Broadband service has been shown to have dramatic effects in areas ranging from education and health care to local government, high-use businesses and technology development. The question is, how is this important service distributed?

Addressed at the broadband conference in Muncie, a recent initiative in Shelbyville shows the way: the city partnered with Indiana Fiber Works to develop rights-of-way for fiber optic cables throughout the area and a fiber optics hub within the city. Commerce is working through each of its 12 regional offices to create a strategic plan for a statewide broadband access strategy—one that supports the public-private cooperation already successfully employed in Shelbyville and other communities.

EXTENDING THE INFORMATION HIGHWAY

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New Jobs for New Castle

Indiana is a great place to do business—especially since the restructuring of our tax system and the Energize Indiana economic development plan. The city of New Castle can testify to that, as it welcomes American Keeper Corp. The Japanese automotive company's \$1.9 million investment in a building and new equipment will create 49 new jobs by 2006. Indiana competed for the factory with locations in Ohio and Kentucky, but came out ahead thanks to an incentive package from the Indiana Department of Commerce and assistance from the city of New Castle and the New Castle/Henry County Economic Development Corp.

Strong Community Focus

Community Focus Fund (CFF) grants—a federally funded program administered by the Indiana Department of Commerce—help small cities, towns and counties throughout Indiana with a variety of local projects. 2003 grants include, but are not limited to:

- \$500,000 to Delaware County for a sewer extension project to keep pace with county business and residential growth;
- \$480,000 to the town of Farmland in Randolph County for sanitary sewer and storm water drainage improvements;
- \$480,000 to Hartford City in Blackford County for a downtown revitalization project; and
- \$400,000 to the city of Montpelier in Blackford County for the construction of a new water tank.



Region 8:
Blackford County
Delaware County
Henry County
Jay County
Randolph County
Wayne County

Regional office:
Muncie



REGION 9

Not only is Region 9 recreationally attractive with three state parks, the Ohio River and some of the most beautiful small towns in the Midwest, but it is also adjacent to both the Cincinnati and Louisville Metropolitan Statistical Areas. The region is served by river transportation and commercial air service via Cincinnati/Northern Kentucky International Airport.

VERSAILLES STATE PARK
IN RIPLEY COUNTY

In early July 1863, with battles raging in Vicksburg and Gettysburg, Confederate General John Hunt Morgan initiated the Great Raid through Kentucky, Indiana and Ohio. Covering 1,000 miles, the Great Raid was the longest sustained cavalry raid of the Civil War. General Morgan's men spent six days crossing through southern Indiana, beginning in Dearborn, Ripley and Jefferson counties, leaving behind a swath of devastated homesteads and burnt buildings before crossing into Ohio through Harrison County.

Thanks to several years of dedicated work by the John Hunt Morgan Heritage Trail Project, interested travelers can now take a self-guided road tour that follows the route Morgan and his Raiders took through Indiana. A tour map with directions that correspond with the numbers of 24 John Hunt Morgan Heritage Trail sign locations may be ordered free of charge at <http://hhhills.org/jhmht/>.

The project was initiated by a committee of Civil War historians and authors as well as Morgan's Raid enthusiasts. The Indiana Department of Commerce's Office of Tourism provided assistance, which ranged from financial support to helping bring in a team of experts to evaluate the routes and provide a "tourism assessment" of the trail. Morgan's Raid was the only major military activity in Indiana during the Civil War, and is well worth a journey back through time.

TIME TRAVEL

23

A Strong Finish

Osgood and Ripley County came out winners in 2003, as assistance from the Indiana Department of Commerce helped bring Best Metal Finishing to town. Best Metal invested \$3.7 million to build a 42,000-square-foot facility and create 30 new jobs. The plant houses state-of-the-art zinc and zinc phosphate plating lines for finished fasteners found in a variety of products, from automotive applications to furniture. In addition to a Skills Enhancement Fund (SEF) training grant, assistance from the Industrial Development Grant Fund (IDGF) helped the town of Osgood extend necessary infrastructure—a finish everyone can be happy with.


Skills for Growth

Investing in workforce skills is fundamental to the success of any business, as exemplified by Batesville's Hill-Rom Inc. The company produces medical patient products and provides specialized therapy-related services. Hill-Rom received a grant from the Indiana Department of Commerce's Skills Enhancement Fund to assist in upgrading the skills of 1,858 employees. The grant will be used to retrain incumbent workers following a \$94.14 million investment in building improvements and equipment. Hill-Rom will also install a new software planning system, as well as machinery and equipment—moves which clearly call for a new set of skills.



Region 9:
Dearborn County
Fayette County
Franklin County
Jefferson County
Ohio County
Ripley County
Rush County
Switzerland County
Union County

Regional office:
Madison

An aerial photograph of the Indiana University campus in Bloomington, Indiana. The image shows several large, historic stone buildings with distinctive architectural features like towers and domes. A prominent building with a tall, square tower is in the lower center. To its right is a building with a large, rounded dome. The campus is surrounded by trees and greenery, with a parking lot visible in the upper left. The overall scene is captured from a high angle, providing a comprehensive view of the university's layout.

REGION 10

In the heart of America's heartland, Region 10 is advantageously located on primary highways such as I-65 and U.S. 31, providing north-south connections to major Midwestern markets. The region is located such that access is easily available to three commercial airports in Indianapolis, Louisville and Cincinnati. Water transportation is also available through Clark Maritime Center just south via I-65 on the Ohio River.

INDIANA UNIVERSITY
IN BLOOMINGTON

Indiana's commitment to the life sciences industry is showing serious results. Along with the inception of Indianapolis-based Biostorage Technologies, the 2003 announcement by Baxter Healthcare Corp. that it will expand its Baxter Pharmaceutical Solutions business in Bloomington indicates Indiana's ability to attract major players. One of the world's leading manufacturers of medication-delivery products, Baxter plans a two-phase expansion that will create 700 new jobs, retain 550 current employees and invest about \$100 million over the next seven years.

This is an important industry for Indiana's future. Baxter International Inc. operates in more than 110 countries around the world and had reported annual sales of \$8.1 billion in 2002. The fact that such a world-class company would choose to grow here, rather than any other place in the world, speaks volumes about Indiana's long-term economic outlook.

The Indiana Department of Commerce, Monroe County and the city of Bloomington worked together to secure the expansion, offering more than \$20.7 million in incentives. The well-matched combination of city and company played a part as well. Bloomington frequently receives accolades as a best place to work, live and play, while Baxter made Fortune magazine's 2003 "best-place-to-work" list—a perfect illustration of how a high quality of life can attract high-quality employers.

LIFE SCIENCES FOR THE LONG TERM

25

Juvenile Growth

With the help of an aggressive incentive package crafted by the city of Columbus and the Indiana Department of Commerce, one of the nation's largest manufacturers of juvenile products will expand its Columbus facility. Dorel Juvenile Group, which designs and manufactures a variety of products for children and infants under the Eddie Bauer, Cosco and Safety 1st brands, will invest approximately \$26.3 million in building upgrades. Dorel has annual sales of \$900 million, with operations in more than 60 countries. Thus, in addition to retaining 1,053 existing jobs, the company's expansion also underscores Indiana's strong growth potential.

Empowerment and Support

During 2003, 72 community organizations throughout Indiana were awarded Neighborhood Assistance Program tax credits totaling \$2.5 million. A prime example is a grant to Bloomington's Middle Way House, which will help support the Middleway Food Works catering business. Employees of the business are women recovering from abusive relationships who might not otherwise be able to sustain full-time employment. Food Works facilitates employment training and experience while providing a decent wage, benefits and an appropriate support system. Through Middle Way House, Commerce is able to provide assistance that can lead to significant change and empowerment on an individual level.



Region 10:
 Bartholomew County
 Brown County
 Decatur County
 Greene County
 Jackson County
 Jennings County
 Lawrence County
 Monroe County
 Owen County

Regional office:
 Bloomington

REGION 11

Tucked neatly into the southwestern tip of Indiana, Region 11 lies on the Ohio River and is the hub of a large trade territory that includes 21 counties in Southwest Indiana, Southern Illinois and Northwestern Kentucky. The tri-state Evansville region is in the Central Time Zone because of the strong economic ties between the counties.

TOYOTA MOTOR MANUFACTURING,
INDIANA IN PRINCETON

Thousands of Hoosiers and one of Evansville's largest employers will benefit from the approval to use \$1.5 million in federal funds. Most of the money will help Whirlpool Corp. manufacture new, energy-efficient refrigerators; \$200,000 will help homeowners replace old refrigerators with Whirlpool's new Energy Star energy-efficient refrigerators. The Indiana Department of Commerce's Energy and Recycling Office received permission from the U.S. Department of Energy to use the money for these purposes.

The grant helps preserve jobs and helps low-income Hoosiers reduce their energy costs. It will also help Whirlpool continue to be an innovative industry leader, with products that are good for the environment. Whirlpool will use the grant to support a new manufacturing process that uses a non-ozone-depleting, foam-blowing agent that provides better insulation and greater energy efficiency than other alternatives.

Evansville, where Whirlpool employs 2,500 workers, has pledged additional financial support for the program. The entire project is a fine example of what can happen when Hoosiers work together. It will boost local and state economies and is good for the environment, for consumers and for Whirlpool and its employees—definitely a winning combination.

WIN-WIN FOR ENERGY EFFICIENCY

27

Export Indiana

Indiana continues to record impressive export numbers. During the second quarter of 2003, Hoosier exports rose to an all-time single-quarter high of \$4.4 billion—enough to make Indiana the tenth largest exporting state in the nation. To help keep this growth on track, the Indiana Department of Commerce's Office of International Trade sponsored the 2003 Export Indiana seminars in three locations around the state, with Evansville hosting the final event. The seminars provided exporters and international service providers the opportunity to meet with Foreign Trade Office directors from around the world and to participate in briefings and meetings designed to help keep Hoosier businesses connected to overseas opportunities.

Training for 2,588

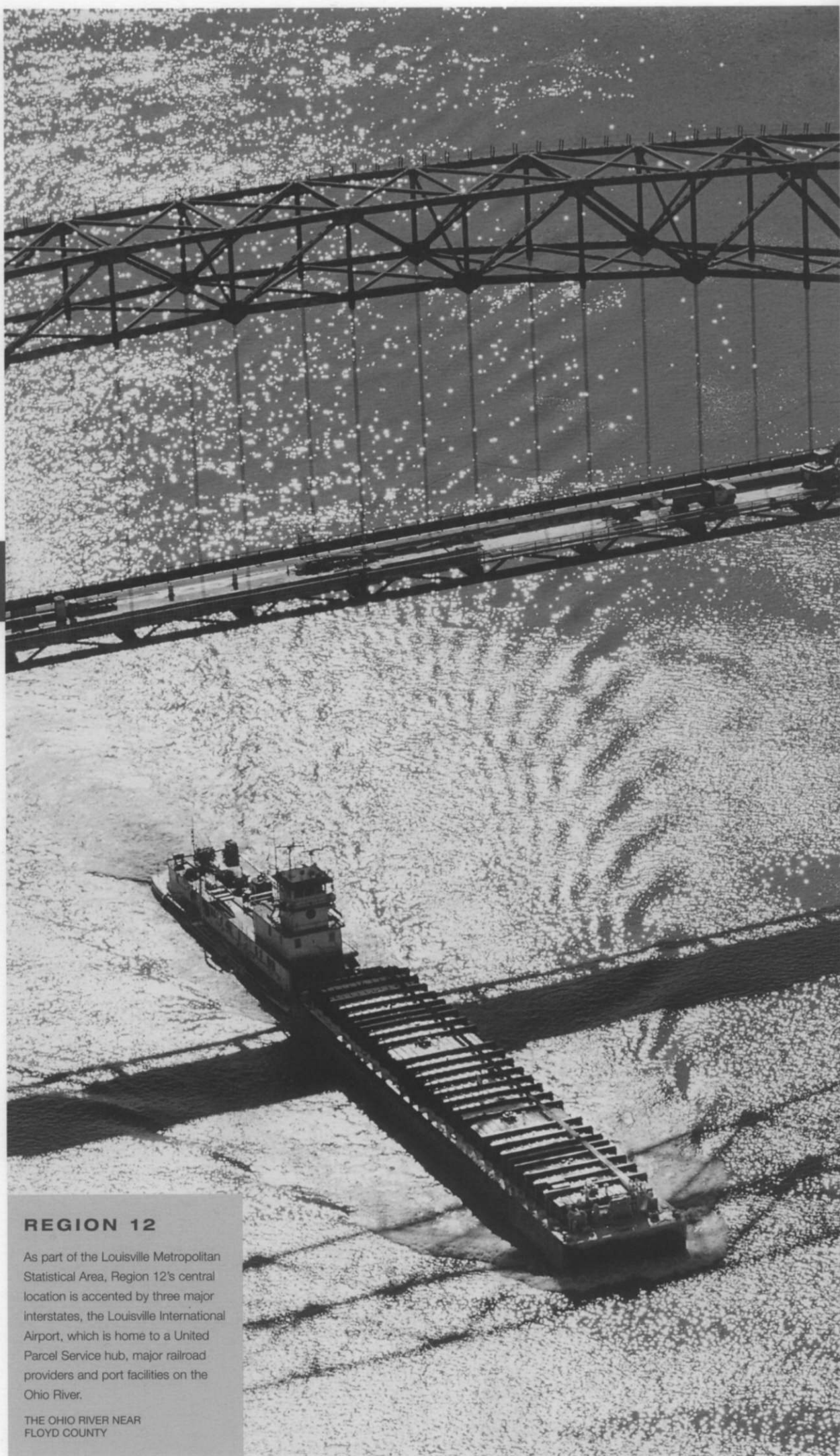
In 2003, 12 southwestern Indiana companies received over \$1.8 million in Indiana Department of Commerce incentives. A large portion of these funds came from the State's training grant programs, the Skills Enhancement Fund and the Technology Enhancement Certification for Hoosiers Fund. The grants helped 2,588 Hoosier workers stay current in fields such as advanced technology systems, hydraulics, blueprint reading and lean manufacturing. Recipients included:

- Advanced Microelectronics, Vincennes
- Alcoa Power Generating Inc., Newburgh
- Alcoa Warrick Operations, Newburgh
- Best Chairs Inc., Ferdinand
- Bristol-Myers Squibb Co., Mount Vernon
- Pepsi-Cola General Bottlers Inc., Evansville, Jasper, Seymour and Vincennes
- Whirlpool Corp., Evansville



Region 11:
Daviess County
Dubois County
Gibson County
Knox County
Martin County
Perry County
Pike County
Posey County
Spencer County
Vanderburgh County
Warrick County

Regional office:
Evansville



REGION 12

As part of the Louisville Metropolitan Statistical Area, Region 12's central location is accentuated by three major interstates, the Louisville International Airport, which is home to a United Parcel Service hub, major railroad providers and port facilities on the Ohio River.

THE OHIO RIVER NEAR
FLOYD COUNTY

Thanks to their 2003 designation as an Urban Enterprise Zone, residents and businesses in Salem are now experiencing increased opportunities for success. Urban Enterprise Zones provide strategic economic incentives to help communities invigorate and redevelop portions of their urban areas.

The new zone in Salem covers approximately 1.84 square miles and encompasses most of the downtown area. Plans there include creating job training and certification programs for residents, increasing business investment and establishing a neighborhood association in the zone.

Administered by the Indiana Department of Commerce's Community Development Division, the Enterprise Zone program, established in 1983, allows communities to focus their energies on improvement through various tax incentives within designated areas. Tax savings are reinvested in the business or the business' employees who reside in the zone. There are currently 28 such areas in Indiana, all of them providing resources that allow citizens and local business owners to show just how enterprising they can be.

FREE ENTERPRISE

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Ports and Steel

Indiana's port system, a vital link in the state's economy, was strengthened considerably in 2003 by the addition of a 14th steel-related business at Jeffersonville's Port of Indiana-Clark Maritime Center. Kasle Metal Processing invested \$16 million in a new 130,000-square-foot processing facility that is expected to create 81 new jobs. The third steel-related company to recently locate at Jeffersonville, Kasle further establishes Clark Maritime as the steel campus of the Midwest. There are tremendous synergies and economic advantages in having 14 steel-related companies at one location—advantages that spell jobs and growth for Indiana.

Lewis and Clark at 200

2003 marked the 200th anniversary of Lewis and Clark's historic journey across the continent. Indiana joined with neighboring states to celebrate the accomplishment, and to highlight the so-called Eastern Legacy, a 273-day preparation period that helped set the expedition on the road to discovery. A National Signature Event was held at the Falls of the Ohio State Park in Clarksville to commemorate the departure of the expedition. The Indiana Department of Commerce's Office of Tourism, as a member of the Lewis and Clark Indiana Commission, contributed to the bicentennial in a number of ways, from designing the Commission's logo and assisting with receptions and press conferences to working with the Kentucky Tourism Cabinet and Kentucky Tourism Office. Like the original journey, even the bicentennial leaves a legacy of careful preparation.



Region 12:
Clark County
Crawford County
Floyd County
Harrison County
Orange County
Scott County
Washington County

Regional office:
New Albany

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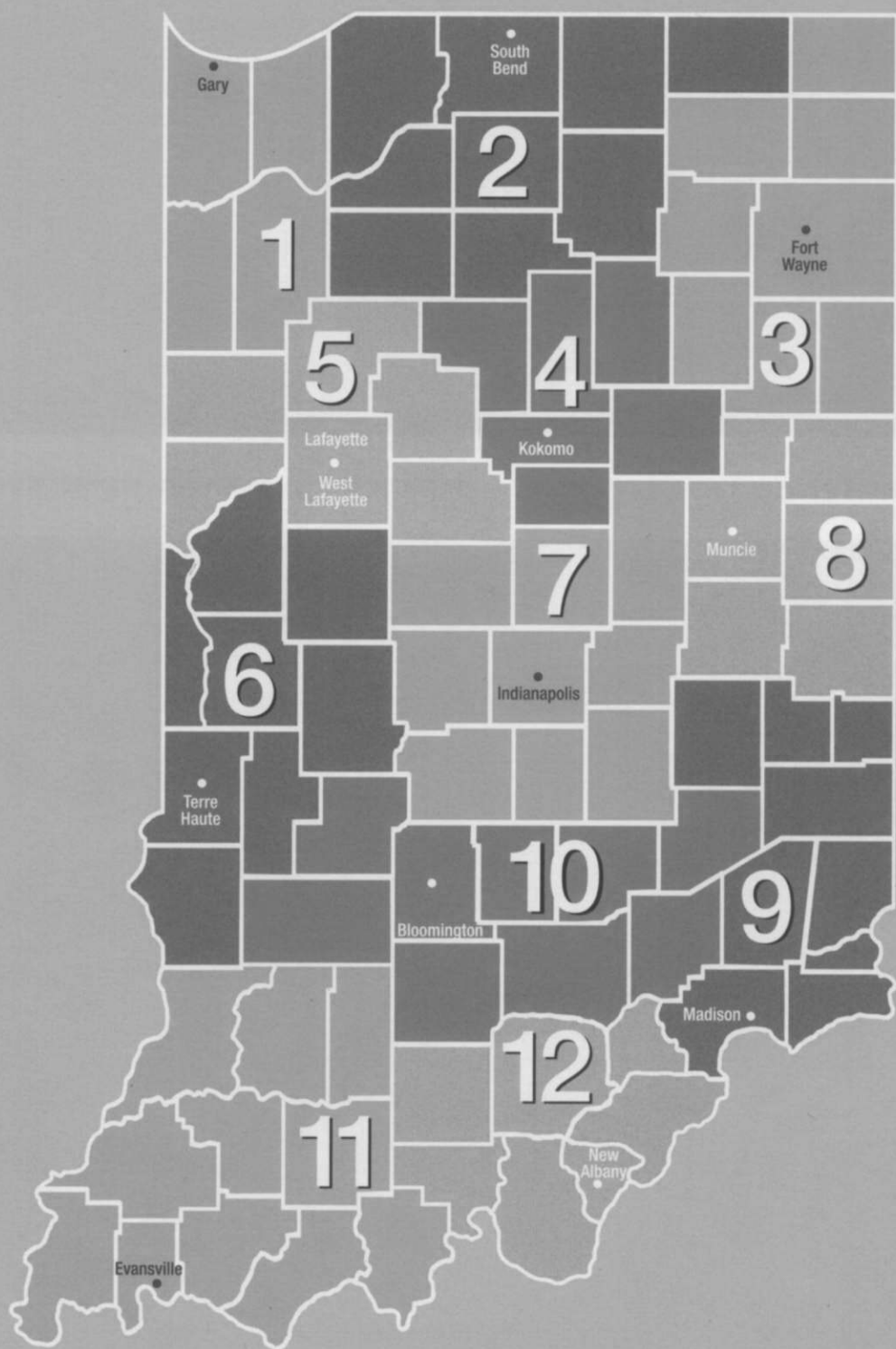
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Looking Ahead

32 LOOKING AHEAD

Supported by improving national and state economies, the Indiana Department of Commerce looks forward to extending and strengthening the accomplishments of the past year during 2004. The combination of tax restructuring, the Energize Indiana program, forceful marketing of Indiana's advantages and a streamlined Department of Commerce will continue to boost local economies throughout the state.

Specifically, Phase II of the Energize Indiana program will provide a strong focus on growth for Indiana's existing businesses and help reduce the outflow of Hoosier jobs. The two main objectives of the program are education and advocacy, which will result in improved knowledge about Energize Indiana programs and stronger relationships between the private, state and local government and non-profit sectors. Through its regional offices, the Department of Commerce will conduct visits to more than 1,000 companies during 2004. The purpose of these visits is to survey companies about their industry needs and to promote state economic development tools.

Additionally, the Indiana Department of Commerce, in partnership with the Indiana Economic Development Association, will develop a Web site and build a database using Geographic Information System Planning. This Web-based application will enhance Hoosier economic development efforts by providing businesses with convenient site-selection, marketing reports and demographic and business analysis.

The Web site and database will help companies quickly and accurately answer the top three questions they ask when evaluating a potential site: What is the availability of property in a specific area? What are the site-specific market characteristics of a potential business location? Which nearby businesses will be a source of synergy or competition? This resource will place Indiana in the top tier of states in its ability to provide customers with the most relevant and up-to-date economic development information.

Dedication

GOVERNOR FRANK O'BANNON

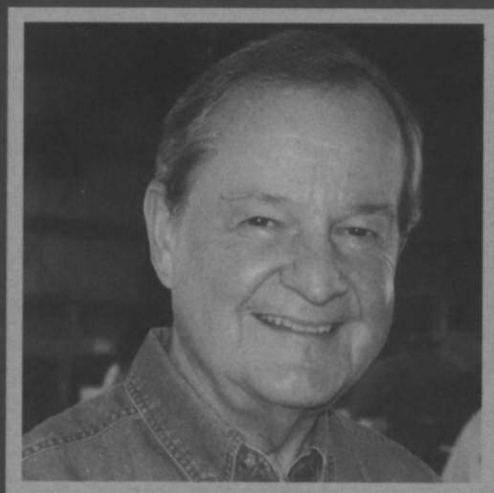
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"WE IN INDIANA HAVE HAD AN
ONGOING ARGUMENT ABOUT THE
DEFINITION OF A HOOSIER.

I THINK WE KNOW THE DEFINITION OF
A HOOSIER: IT'S FRANK O'BANNON."

—Governor Joseph Kernan, September 19, 2003





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